

Message Text

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ORIGIN EB-08

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C O N F I D E N T I A L STATE 211721

E.O. 11652: GDS

TAGS: EAIR

SUBJECT:CIVAIR: US-LEBANESE NEGOTIATIONS

REF: A) BEIRUT 4251; B) STATE 60949

1. YOUR VIEWS HAVE BEEN FULLY CONSIDERED IN FORMULATING
US NEGOTIATING POSITION FOR UPCOMING AVIATION NEGOTIATIONS.
OUR OBJECTIVES ARE TO ASSURE THAT LEBANON AND ITS AIRLINES
OBTAIN FAIR TREATMENT WITHIN CONTEXT NOT ONLY OF OUR AVI-
ATION POLICY BUT ALSO OUR BROADER INTERESTS IN MIDDLE EAST.

2. WE HAVE NO INTENTION OF ELIMINATING TMA AS COMPETITOR
ON ATLANTIC. HOWEVER, DISPOSITION OF ITS TRANSPACIFIC
ROUTE IS ANOTHER MATTER. DATA MADE AVAILABLE TO CAB
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ADMINISTRATIVE LAW JUDGE DURING PUBLIC EVIDENTIARY HEARING
ESTABLISHED THAT ALL TRAFFIC TMA CARRIED ON ITS TRANS-
PACIFIC ROUTE IN 1975 WAS BETWEEN THIRD COUNTRIES AND THE
UNITED STATES. IN 1975 TMA TRANSPORTED A TOTAL OF 4,323
TONS OF CARGO ACROSS THE PACIFIC INCLUDING 1,578 TONS
FROM JAPAN TO NEW YORK AND 2,091 TONS FROM TAIPEI. TO PUT
TMA'S ACTIVITIES IN THE PACIFIC INTO FURTHER PERSPECTIVE

TMA CARRIED MORE TAIPEI-US CARGO THAN EITHER PAN AM OR NORTHWEST. TMA'S ROUND-THE-WORLD ROUTE WAS GRANTED IN 1972 ON CLEAR UNDERSTANDING IT WAS A TEMPORARY GRANT TO

GET TMA STARTED. SINCE GOL AND TMA CONCEDE THIS ROUTE WILL BE WITHDRAWN, IT IS NOT NOW AN ISSUE.

3. DATA PROVIDED TO THE CAB INDICATES THAT TMA ALSO RELIES HEAVILY ON THIRD COUNTRY TRAFFIC IN THE ATLANTIC MARKET. TMA REPORTED THAT IN 1975 IT LOADED AND OFF-LOADED 8,665 METRIC TONS OF CARGO AT NEW YORK. US DEPT OF COMMERCE CENSUS BUREAU FIGURES SHOW THAT THERE WERE 1,908 METRIC TONS OF AIR TRADE FOR ALL AIRLINES BETWEEN US AND LEBANON IN 1975. THEREFORE, AT LEAST 6,757 METRIC TONS OF TMA'S CARRIAGE CAME FROM OR WAS DESTINED TO COUNTRIES OTHER THAN LEBANON. WE ASSUME THE BULK OF THIS CARGO WAS AIR TRADE BETWEEN US AND SAUDI ARABIA AND PERSIAN GULF. WE KNOW THAT IN 1974 TMA'S SHARE OF US AIR TRADE WITH SAUDI ARABIA WAS 59 PERCENT OF THE TOTAL US-SAUDI AIR TRADE AND THAT THE LEBANESE AIRLINE CARRIED SIGNIFICANT SHARES OF QATAR (63 PERCENT), UNITED ARAB EMIRATES (43 PERCENT), OMAN (32 PERCENT) AND BAHRAIN (25 PERCENT). SIGNIFICANTLY, US-LEBANON CARGO ACCOUNTED FOR NO MORE THAN 18 PERCENT OF TMA'S TOTAL ATLANTIC CARRIAGE IN 1975. TMA'S FORECAST PRESENTED TO CAB FOR 1977 INDICATED THAT THE AIRLINE INTENDS TO CONTINUE
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OPERATING IN A FASHION WHICH WOULD RESULT IN ITS OBTAINING IN EXCESS OF 80 PERCENT OF ITS CARGO FROM THIRD COUNTRIES. CURRENT TMA MONTHLY CAPACITY IS 2,015 METRIC TONS. US-LEBANON MONTHLY AIR CARGO IN 1975 AVERAGED 159 METRIC TONS. AT 60 PERCENT LOAD FACTOR, US-LEBANON TRAFFIC WOULD USE ONLY 13.2 PERCENT OF TMA'S CAPACITY. ONE ROUNDTrip 707 FLIGHT PER WEEK (295 METRIC TONS PER MONTH) WOULD BE MORE THAN SUFFICIENT TO CARRY NOT ONLY THE TOTAL US-LEBANON AIR CARGO TRAFFIC DURING THE PEAK YEAR OF 1975, BUT WOULD ALLOW A HEALTHY CAPACITY TO CARRY THIRD COUNTRY TRAFFIC AS WELL. BASED ON THE ABOVE, WE CANNOT, ON AVIATION GROUNDS, JUSTIFY CONTINUING TMA'S CURRENT LEVEL OF ACTIVITY--EQUIVALENT TO SEVEN NARROW-BODIED WEEKLY FLIGHTS--IN THE ATLANTIC MARKET.

4. IN ADDITION TO THE AVIATION POLICY ASPECTS OF TMA'S OPERATIONS, US HAS NOW ENTERED A PERIOD OF TRANSITION IN ITS AIR TRANSPORTATION RELATIONS WITH THE MIDDLE EAST. SEABOARD, PAN AM HAVE REQUESTED AND TWA OBTAINED CAB AUTHORITY EITHER TO RESUME (IN THE CASE OF TWA) OR BEGIN SERVICE TO SAUDI ARABIA. PAN AM AND TWA HAVTLY APPROVED PASSENGER SERVICE TO BAHRAIN. THE USG RECENTLY APPROVED THE INAUGURATION OF DIRECT FLIGHTS BY JORDAN AND SYRIA

TO THE UNITED STATES. SAUDIA IS INTERESTED IN OPERATING ALL-CARGO SERVICES TO THE UNITED STATES AND OTHER AIRLINES IN MIDDLE EAST LIKELY DEVELOP SIMILAR INTEREST. IN EACH OF THESE INSTANCES, TMA'S OPERATIONS POTENTIALLY DEPRIVE US OR THESE THIRD COUNTRY AIRLINES OF ACCESS TO THE DIRECT TRAFFIC BETWEEN THE US AND THEIR COUNTRIES. THIS FACTOR CAN AFFECT THE ABILITY OF THESE AIRLINES TO CARRY THIS TRAFFIC AS WELL AS OUR ABILITY TO NEGOTIATE SENSIBLE ARRANGEMENTS WITH THE COUNTRIES COMPRISING THE PRINCIPAL MARKETS IN THE MIDDLE EAST. MOREOVER WE HAVE POLITICAL INTERESTS IN SEVERAL OF THESE COUNTRIES AS YOUR TELEGRAM NOTES AND MUST GIVE THIS FACTOR FULL CONSIDERATION IN OUR AVIATION POLICY.

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5. WHILE WE WELCOME PRIVATE AIRLINES IN FOREIGN COUNTRIES AND HAVE NO WISH TO LESSEN THE BENEFITS OF COMPETITION FOR US AIRLINES AND THE SHIPPING PUBLIC, WE DO NOT BELIEVE THAT IN THE LAST ANALYSIS ECONOMIC ASSISTANCE TO LEBANON SHOULD COME FROM THE REVENUES OF US AND THIRD COUNTRY AIRLINES. OUR CONCLUSION, BASED ON ALL OF THE ABOVE CONSIDERATIONS, IS THAT WE MUST CONTROL TMA'S ATLANTIC FLIGHTS.

6. WE RECOGNIZE THE PROBLEM YOU HAVE MENTIONED THAT OUR EARLIER POSITION COULD BE CHARACTERIZED AS AN ATTEMPT TO RESTRICT TMA WHILE ASKING WIDE OPEN RIGHTS FOR OURSELVES. WE HAVE REVIEWED THIS ASPECT OF OUR POSITION. BECAUSE THERE IS NO CURRENT US AIRLINE INTEREST IN SERVING LEBANON, WE WILL PROPOSE AT APPROPRIATE TIME DURING NEGOTIATIONS TO GIVE TMA LIMITED ATLANTIC RIGHTS UNILATERALLY, ASKING NOTHING IN RETURN EXCEPT GOL AGREEMENT IN PRINCIPLE TO CONSIDER FUTURE US INTERESTS SYMPATHETICALLY. WE WOULD GIVE RECIPROCAL ASSURANCES REGARDING MEA. THIS POSITION SHOULD NOT OF COURSE BE REVEALED TO LEBANESE.

CHRISTOPHER

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